

**BANK INDONESIA**

BANK INDONESIA REGULATION

NUMBER 17/20/PBI/2015

CONCERNING THE THIRD AMENDMENT TO BANK INDONESIA  
REGULATION NUMBER 12/11/PBI/2010 CONCERNING MONETARY  
OPERATIONS

WITH THE BLESSINGS OF THE ALMIGHTY GOD

THE GOVERNOR OF BANK INDONESIA,

Considering: a. that in order to meet the objective to reach and maintain Rupiah stability, Bank Indonesia is tasked among others to establish and implement monetary policies as well as regulate and maintain smooth payment system;

b. that in order to perform the tasks of Bank Indonesia to establish and implement monetary policies as well as regulate and maintain smooth payment system, support of infrastructure according to the latest development, and effectiveness of regulation as well as congruity of monetary policies and payment system regulation is necessary;

c. that based on the foregoing considerations in letter a and letter b, it is necessary to establish the third amendment

to Regulation of Bank Indonesia Number 12/11/PBI/2010  
on Monetary Operations;

in view of : Act Number 23 Year 1999 concerning Bank Indonesia (State  
Gazette of the Republic of Indonesia Year 1999 Number 66,  
Supplement to State Gazette Number 3843) as last amended  
by Law Number 6 Year 2009 concerning Establishment of  
Government Regulation in Lieu of Law Number 2 Year 2008  
concerning the Second Amendment to Law Number 23 Year  
1999 on Bank Indonesia as a Law (State Gazette of the  
Republic of Indonesia of 2009 Number 7, Supplement to State  
Gazette Number 4962);

#### HAS DECIDED

To stipulate: BANK INDONESIA REGULATION CONCERNING THE THIRD  
AMENDMENT TO BANK INDONESIA REGULATION NUMBER  
12/11/PBI/2010 CONCERNING MONETARY OPERATIONS.

#### Article I

Several provisions of Bank Indonesia Regulation Number 12/11/PBI/2010  
concerning Monetary Operations (State Gazette of the Republic of Indonesia  
Year 2010 Number 84, Supplement to State Gazette of the Republic of  
Indonesia Number 5141) as amended by:

- a. Bank Indonesia Regulation Number 14/5/PBI/2012 (State Gazette of  
the Republic of Indonesia Year 2012 Number 130, Supplement to State  
Gazette of the Republic of Indonesia Number 5321);

- b. Bank Indonesia Regulation Number 15/5/PBI/2013 on the Second Amendment to Bank Indonesia Regulation Number 12/11/PBI/2010 concerning Monetary Operations(State Gazette of the Republic of Indonesia Year 2013 Number 144, Supplement to State Gazette of the Republic of Indonesia Number 5440);

are amended as follows:

1. Provisions of Article 1 number 11 and Article 1 number 12 are omitted, and therefore, Article 1 reads as follows:

Article 1

Refferred to herein as:

1. Bank shall be Commercial Bank as referred to in the applicable Act concerning Banking, conducting conventional business activities.
2. Monetary Operations shall be the implementation of monetary policies by Bank Indonesia in the context of monetary management through open market operations and standing facilities.
3. Open Market Operation, hereinafter referred to as OMO, shall be transactions in money market conducted by Bank Indonesia with Banks and/or other parties in the context of Monetary Operations.
4. Standing Facilities shall be rupiah lending facility from Bank Indonesia to Banks and deposit facility by Banks at Bank Indonesia in the context of Monetary Operations.
5. Liquidity Absorption shall be the reduction of liquidity in rupiah money market through Monetary Operations.

6. Liquidity Injection shall be the addition of liquidity in rupiah money market through Monetary Operations.
7. Bank Indonesia Certificate, hereinafter referred to as SBI, shall be securities in rupiah currency issued by Bank Indonesia as acknowledgment of short-term indebtedness.
- 7a. Bank Indonesia Deposit Certificate, hereinafter referred to as SDBI, shall be securities in rupiah currency issued by Bank Indonesia as acknowledgment of short term indebtedness, which may only be traded between Banks.
8. Sovereign Securities, hereinafter referred to as SBN, shall be Sovereign Debt Securities and Sovereign Sharia Securities.
9. Sovereign Debt Securities, hereinafter briefly referred to as SUN, shall be securities in the form of acknowledgment of indebtedness in rupiah currency or foreign currency, the payments of interest and principal of which guaranteed by the Government of Republic of Indonesia, in accordance with the validity thereof, as referred to in the applicable Act.
10. Sovereign Sharia Securities, hereinafter referred to as SBSN, or may be referred to as Sovereign Sukuk, shall be SBN issued based on the sharia principles, either in rupiah currency or foreign currency, as proof of participation in SBSN assets, as referred to in the applicable Act.
11. Omitted.
12. Omitted.

2. The provisions of Article 12 paragraph (1) shall be amended, and therefore, Article 12 reads as follows:

Article 12

- (1) Bank Indonesia shall administer SBI and SDBI in an electronic administration system through the Book Entry Registry System in Bank Indonesia.
  - (2) The administration system managed by Bank Indonesia as referred to in paragraph (1) shall include transaction settlements and ownership recording system of SBI and SDBI.
  - (3) SBI and SDBI ownership recording system as referred to in paragraph (2) shall be in a scripless format.
  - (4) Bank Indonesia may appoint other party to support the administration of SBI and SDBI as referred to in paragraph (1).
  - (5) In the event that the other parties appointed to support administration of SBI and SDBI as referred to in paragraph (4) cannot fulfill the requirements set out by Bank Indonesia or cease their business operations, Bank Indonesia shall have the authority to revoke such appointment.
3. Elucidation on Article 15 paragraph (2) is amended as specified in the elucidation.
4. The provisions of Article 17 paragraph (2) and Article 17 paragraph (3) shall be amended, and therefore, Article 17 reads as follows:

Article 17

- (1) Monetary Operation participants shall be required to have:
  - a. Rupiah demand deposit accounts with Bank Indonesia; and

- b. foreign demand deposit accounts with Bank Indonesia, in the event that Monetary Operation participants take part in OMO transactions in the foreign currency markets.
- (2) Monetary Operation participants shall be required to have securities accounts at Bank Indonesia and/or custodians designated by Bank Indonesia.
- (3) Monetary Operation participants taking part in Monetary Operation activities shall be required to provide adequate funds in Rupiah demand deposit account with Bank Indonesia and/or adequate securities in securities accounts at Bank Indonesia or custodians for the settlements of payment obligations on the date of transaction settlement.
- (4) Monetary Operation participants conducting transactions in the foreign currency market shall be required to provide adequate funds with Bank Indonesia or transfer adequate funds to Bank Indonesia account for the settlement of obligations on the date of transaction settlement.
- (5) In the event that Monetary Operation participants fail to fulfill the obligation as referred to in paragraph (3), the relevant Monetary Operation transactions shall be declared to be cancelled.
- (6) In the event that Monetary Operation participants fail to fulfill the obligation as referred to in paragraph (4), the relevant Monetary Operation transactions:
  - a. shall be declared to be cancelled, for transactions of term deposit in foreign currency;

- b. must be settled following the date of transaction settlement, for transactions in foreign exchange market other than the transactions of term deposit in foreign currency as referred to in letter a.

- 5. The provisions of Article 18 are amended, and therefore, Article 18 reads as follows:

#### Article 18

In the context of the settlement of Monetary Operation transactions, Bank Indonesia shall have the authority to debit the demand deposit accounts with Bank Indonesia and/or securities accounts at Bank Indonesia and/or custodian owned by Monetary Operation participants.

- 6. The provisions of Article 19 shall be amended, and therefore, Article 19 reads as follows:

#### Article 19

- (1) For the cancellation of transactions as referred to in Article 17 paragraph (5), Monetary Operation participants shall be subject to sanctions in the form of:

- a. written reprimand; and
- b. financial penalty in the amount of 0.01% (one per ten thousandth) of the nominal value of the cancelled Monetary Operation, in the minimum amount of Rp10,000,000.00 (ten million Rupiah) and in the maximum amount of Rp100,000,000.00 (one hundred million Rupiah);

- (2) In the event that the transaction has the second leg, the nominal value of the cancelled Monetary Operation as referred to in paragraph (1) letter b is the transaction value on the first leg.
- (3) For the cancellation of transaction as referred to in Article 17 paragraph (6) letter a, Monetary Operation participants shall be subject to sanctions in the form of:
- a. written reprimand; and
  - b. financial penalty calculated based on:
    1. interest rate of Fed Fund applicable on the date of transaction settlement plus 200 (two hundred) basis points multiplied by  $1/360$  (one per three hundred and sixty), for term deposit in US Dollar;
    2. interest rate issued by the central bank or monetary authority in the relevant state of currency (official rate) applicable on the date of transaction settlement plus 200 (two hundred) basis points multiplied by  $1/360$  (one per three hundred and sixty), for non-US Dollar term deposit..
- (4) In the event of the third cancellation of transactions during 6 (six) months period, in addition to the sanctions as referred to in paragraph (1) or paragraph (3), Monetary Operation participants shall also be subject to a sanction in the form of temporary suspension of its participating in Monetary Operation activities for 5 (five) consecutive business days.



- (5) The sanction in the form of temporary suspension as referred to in paragraph (4) will not apply to Lending Facility Repo transactions of Monetary Operation participants coming from unpaid intraday liquidity facility transactions.

## Article II

This Bank Indonesia Regulation shall come into effect on the date of its stipulation.

For public cognizance, it is ordered that this Bank Indonesia Regulation be promulgated by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On November 12, 2015

THE GOVERNOR OF BANK

INDONESIA,

*(signed)*

AGUS D.W. MARTOWARDOJO

Promulgated in Jakarta

On November 12, 2015

THE MINISTER OF LAW AND HUMAN RIGHTS OF

THE REPUBLIC OF INDONESIA,

*(signed)*

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2015 NUMBER

275

DPM

**BANK INDONESIA**

ELUCIDATION

OF

BANK INDONESIA REGULATION

NUMBER 17/20/PBI/2015

CONCERNING

THE THIRD AMENDMENT TO REGULATION OF BANK INDONESIA  
NUMBER 12/11/PBI/2010 ON MONETARY OPERATIONS

I. GENERAL

In order to support effective implementation of the duties of Bank Indonesia in establishing and implementing monetary policies, Bank Indonesia conducts infrastructure development according to the needs in Monetary Operations activities.

In carrying on the duties to establish and implement monetary policies, it is necessary to pay attention to the implementation of the duties of Bank Indonesia in payment system. One of the efforts made by Bank Indonesia to maintain smooth payment system is through provision of Intraday Liquidity Facility. Therefore, it is necessary to synchronize regulation on monetary and payment system.

II. ARTICLE BY ARTICLE

Article I

Number 1

Article 1

Self-explanatory.

Number 2

Article 12

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Referred to as another party among others are Sub-Registry.

Paragraph (5)

Self-explanatory.

Number 3

Article 15

Paragraph (1)

Letter a

Referred to as “Other parties” shall be among others are non-Bank legal entities and other entities.

Letter b

Self-explanatory.

Paragraph (2)

Referred to as “Intermediary institutions” shall be included among others are brokers in Rupiah and foreign exchange markets and/or securities companies stipulated by Bank Indonesia.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Number 4

Article 17

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Fund provision in Bank Indonesia applies to transaction settlement obligation in Rupiah.

The settlement of transactions in foreign currencies is conducted by fund transfer to the designated account with Bank Indonesia.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Number 5

Article 18

Self-explanatory.

Number 6

Article 19

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Paragraph (2)

Transactions with the second leg among others are repo  
and reverse repo transactions.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article II

Self-explanatory.

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA  
NUMBER 5764

**FREQUENTLY ASKED QUESTIONS (FAQ)**

**BANK INDONESIA REGULATION**

**NUMBER 17/20/PBI/2015 DATED**  
**CONCERNING THE THIRD AMENDMENT TO BANK INDONESIA**  
**REGULATION NUMBER 12/11/PBI/2010 CONCERNING MONETARY**  
**OPERATIONS**

**1. Q : What is the background of the issuance of this Regulation of Bank Indonesia?**

A : This Bank Indonesia Regulation is issued to accommodate efforts to strengthen infrastructures of Monetary Operations transactions conducted by Bank Indonesia and support effectiveness of and congruity in the regulation of monetary policies and payment system.

**2. Q : What are the changes made in this Bank Indonesia Regulation?**

A : The changes made in this Bank Indonesia Regulation among others are:

1. Additional regulation that the basis for calculation of payment obligation sanction on cancelled Monetary Operation transactions with the second legs is conducted based on the transaction value on the first leg.
2. Additional regulation that the imposed sanction in the form of temporary suspension to participate in Monetary Operation activities is not applicable to Lending Facility Repo transactions of Monetary Operation participants coming from unpaid Intraday Liquidity Facility transactions.

3. Change of the terminology of Capital Market Broker into Securities Companies.

**3. Q : When will this Regulation of Bank Indonesia start to take effect?**

A : This Regulation of Bank Indonesia starts to take effect from

**REGULATION SUMMARY**

Regulation	:	Bank Indonesia Regulation Number 17/20/PBI/2015 Concerning the Third Amendment to Bank Indonesia Regulation Number 12/11/PBI/2010 Concerning Monetary Operations
Date	:	November 12, 2015
Effective Date	:	November 12, 2015

I. Background

This regulation is issued to accommodate efforts to strengthen infrastructures of Monetary Operations transactions conducted by Bank Indonesia and support effectiveness of and congruity in the regulation of monetary policies and payment system.

II. Regulation Materials

1. Additional regulation regarding the basis for calculation of payment obligation sanction on cancelled Monetary Operation transactions is conducted based on the transaction value on the first leg.
2. Additional regulation that the imposed sanction in the form of temporary suspension to participate in Monetary Operation



activities is not applicable to Lending Facility Repo transactions of Monetary Operation participants coming from unpaid Intraday Liquidity Facility transactions.

3. Change of the terminology of Capital Market Broker into Securities Companies.